

FISCAL NOTE

SB 2879 - HB 3160

March 7, 2006

SUMMARY OF BILL: Requires state health insurance to cover hearing tests conducted by and hearing aids dispensed by duly licensed audiologists for all state employees.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$1,875,000 – FY06-07

Exceeds \$3,750,000 – FY07-08 and each year thereafter

Assumptions:

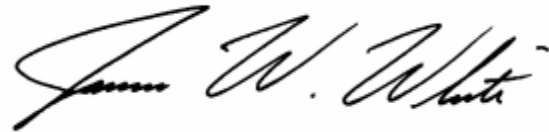
- Proposed legislation applies only to current and future state employees.
- According to the Department of Personnel website, there are approximately 38,000 state government employees.
- 80% (30,400) of state government employees have health insurance benefits provided by state government insurance plans.
- Average number of dependents per covered employee (including employee) is estimated at 2.2.
- Number of affected individuals is estimated at 66,880 ($30,400 \times 2.2 = 66,880$).
- Approximately 28.6 million Americans had auditory disorders in 2000.
- According to the U.S. Census, the population in the United States in 2000 was approximately 282.2 million.
- Approximately 10.13% of Americans have auditory disorders ($28.6 \text{ million with disorders} \div 282.2 \text{ million total people} = 10.13\%$).
- Number of affected individuals with auditory disorders is estimated at 6,775 ($66,880 \times 10.13\% = 6,775$).
- Benefits payable are limited to \$1,500 for each impaired ear every 36 months.
- Annual benefits payable per affected individual per impaired ear is estimated at \$500 ($\$1,500 \text{ total benefits payable} \div 3 \text{ years} = \500 per year).
- Average of 1.5 impaired ears per affected individual.

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- Number of impaired ears estimated at 10,163 (6,775 affected individuals X 1.5 impaired ears = 10,163 total impaired ears).
- Total annual benefits payable are estimated to exceed \$5,000,000 (10,163 impaired ears X \$500 annual benefits payable per affected individual per impaired ear = \$5,081,500).
- 75% of claims are for the maximum amount of benefits payable.
- The increase to state expenditures for the first full fiscal year (FY07-08) is estimated to exceed \$3,750,000 per year (\$5,000,000 payable X 75% paid = \$3,750,000).
- This act will take effect on January 1, 2007.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director